



# Q1 2020 Presentation

May, 2020

# Forward looking statement

This presentation contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, for example, contain wording such as “believes”, “deems”, “estimates”, “anticipates”, “aims”, “expects”, “assumes”, “forecasts”, “targets”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Forward-looking statements are inherently associated with both known and unknown risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. The Company can give no assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages and systematic delivery failures.

# Agenda



- ◆ Introduction
- ◆ Business highlights Q1
- ◆ Financial performance Q1 and Strategy/Outlook
- ◆ General Business Update and COVID-19 situation
- ◆ Q&A



Jesper Søgaard  
CEO & co-founder



Flemming Pedersen  
CFO

# Business Highlights

## Q1 2020





# Financial performance Q1 2020



REVENUE  
**+40%**  
20.9 mEUR

EBITA\*  
**+32%**  
8.6 mEUR

CASH FLOW\*  
**+25%**  
9.5 mEUR

NDCs  
**-1%**  
116,000

\*Before special items

# Business highlights

- ◆ Acquisition of HLTV.org, CS:GO esports platform
- ◆ COVID-19 caused drop in sports events
- ◆ Cost savings program implement
- ◆ Share buyback program initiated
- ◆ AGM elects Todd Dunlap, CEO of North America at Booking.com
- ◆ Better Collective tops EGR Power Affiliates 2020 list for the third consecutive year

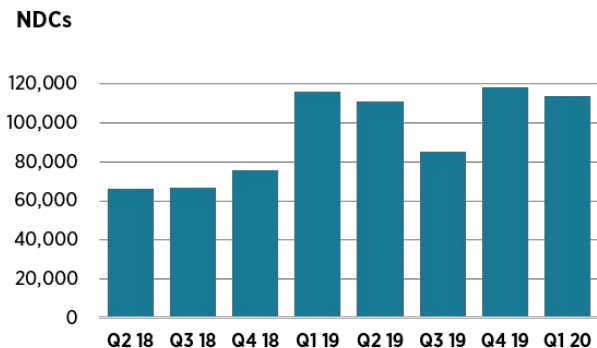
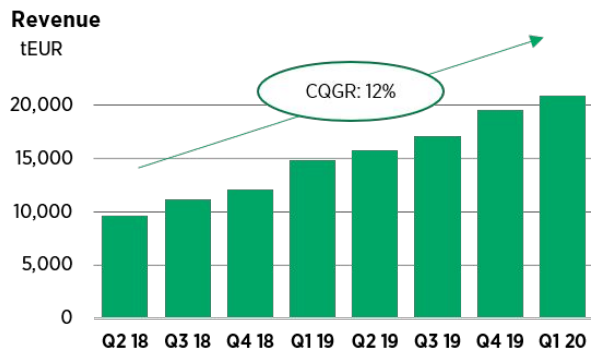


# Financial Performance

## Q1 2020



# Revenue



## Revenue growth

- ◆ 20.9 mEUR: growth 40% of which 21% organic
- ◆ Strong average sports win margins
- ◆ High activity
- ◆ COVID-19 impact from mid-March

## Revenue share 68% (75% of player-related revenue) CPA 17%, Subscription 6%, Other 9%

- ◆ Significant part of US revenue is subscription based

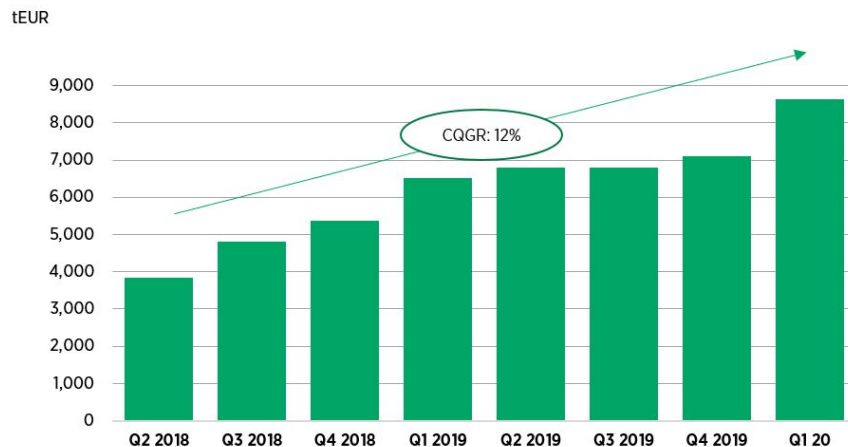
## NDCs in slight decline

- ◆ 116,000 in Q1
- ◆ COVID-19 significant impact from mid-March



# Earnings

## EBITA before special items



## EBITA before special items

- ◆ 8.6 mEUR: growth 32%
- ◆ Margin 41%

## Cost base

- ◆ added costs through acquisitions, media partnership and product development
- ◆ Cost savings program following COVID-19
- ◆ Special items -401 tEUR

## Income tax adjusted for special items:

- ◆ 26.4% for Q1 (25.4% for Q1 2019)
- ◆ EPS 0.10 in Q1 (0.09 in Q1 2019)

# Cash flow and balance sheet

**103%**

Cash conversion

**70.4**

mEUR in cash and  
unused credit facilities

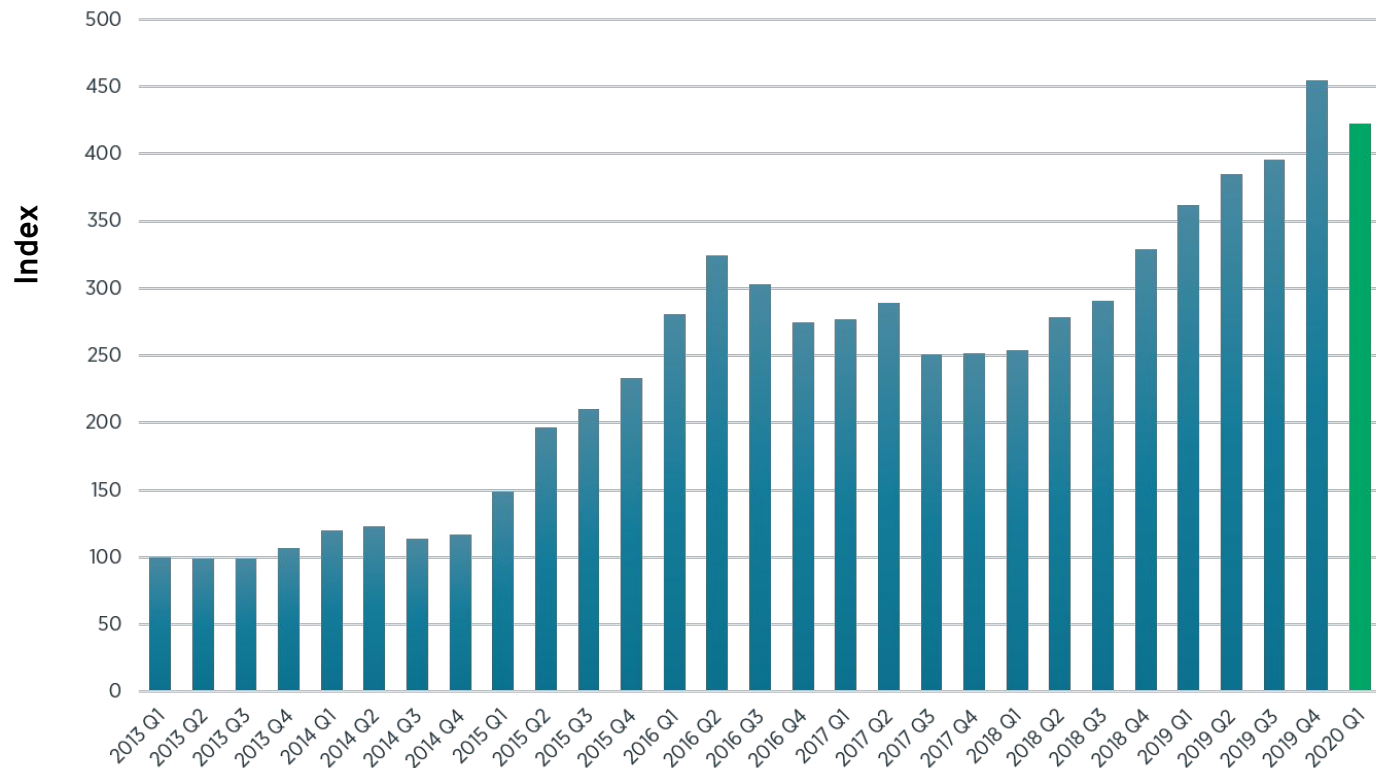
## Operating cash flow (before special items):

- ◆ 9.5 mEUR
- ◆ Cash conversion 103%

## 70.4 mEUR in cash and unused credit facilities

- ◆ Net cash 18.9 mEUR
- ◆ Unused bank credit facilities 51.6 mEUR
- ◆ Net debt/EBITDA: 1.37 (Q1 2019: 0.83)
- ◆ Equity ratio: 55% (Q1 2019: 58%)

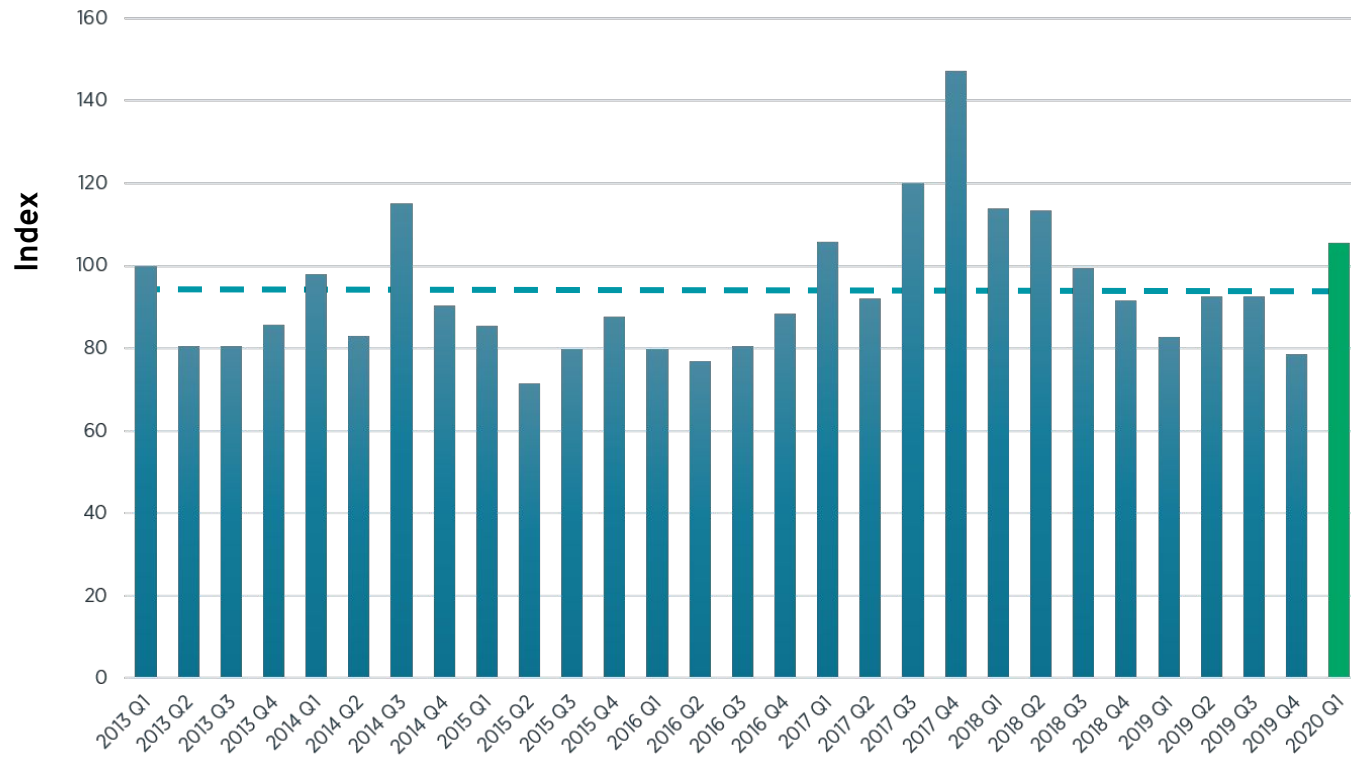
# Better Collective's sports wagering



Q1 2020 index: 423

*Please note that the financial analyses herein are derived from Better Collective's aggregated data sources accounting historically for 50% or more of Better Collective's annual commission earnings.*

# Better Collective's Sports win margins

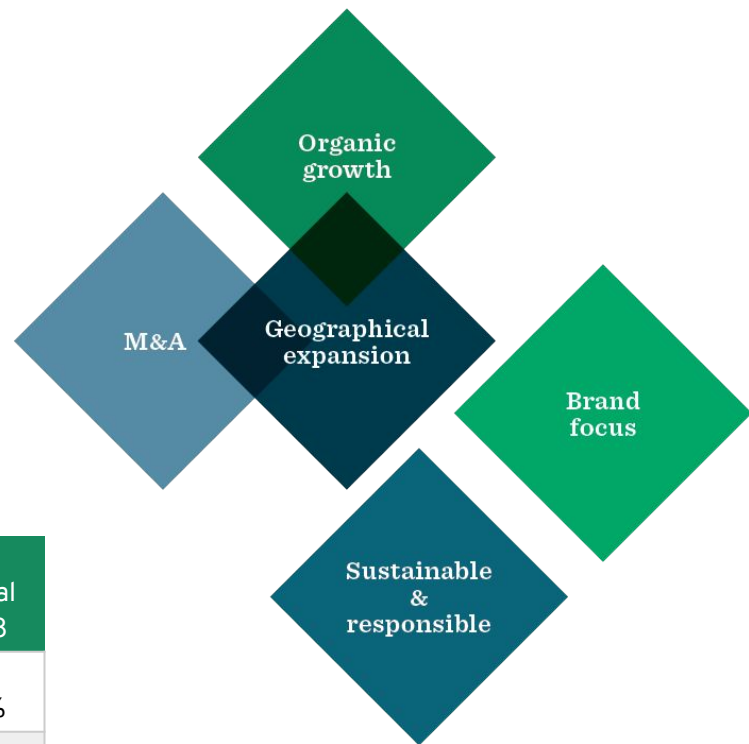


Q1 2020 index: 106  
Average index in  
period shown: 93.8

*Please note that the financial analyses herein are derived from Better Collective's aggregated data sources accounting historically for 50% or more of Better Collective's annual commission earnings.*

# Strategy & Outlook

- ◆ Best products and content for sports betting
- ◆ Preferred partner for operators
- ◆ Short-medium term; dedicated focus on US
- ◆ Expanding from our strong foundation in affiliate marketing, we are transforming Better Collective towards a broad based media group



## Financial Targets for the short-medium term

	Target 2018-2020	Target 2020	Actual 2019	Actual 2018
Revenue growth p.a. (incl. M&A and organic)	30-50%	>30%	67%	54%
- of which organic growth	Double-digit	>10%	26%	9%
Operating margin (EBITA)*	>40%	>40%	40%	40%
Net Interest Bearing Debt/EBITDA*	< 2.5	< 2.5	0.49	1.37



# COVID-19 impact

- ◆ From mid-March to date the business has been negatively impacted by the COVID-19 crisis, as all major sports events have been cancelled or postponed
- ◆ Sports betting activity reduced to approx. half of normal levels.
- ◆ Esports and casino show strong performance
- ◆ April revenue was approx. 4.6 mEUR (negative growth of 17%)
- ◆ Cost saving program initiated reducing the cost base in Q2 2020 by approx. 2 mEUR

# Financial targets reiterated

Financial targets for 2020 unchanged until further, based on the following assumptions:

- ◆ Reduced revenue in 2020 from EURO 2020, postponed to 2021, is estimated at 2-4 mEUR.
- ◆ Reduced revenue in 2020 from other postponed sports events is estimated at 4-6 mEUR.
- ◆ Esports (HLTV) and casino business continue to perform at regular levels or above.
- ◆ All major sports events, other than EURO 2020, back to a normal activity level in H2 2020.
- ◆ Costs are maintained at Q1 levels on average and thus lower than expected growth in the cost base for the full year, thereby offsetting some of the expected revenue reduction.

# General Business Update



# Strong position in esports betting

HLTV.org acquisition on February 28, 2020

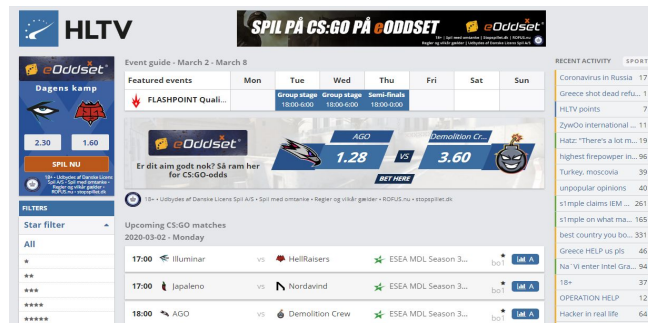
- ◆ Global, leading esports platform for Counter-Strike: Global Offensive (CS:GO)
- ◆ Official CS:GO World Ranking and CS:GO Player of the Year Award
- ◆ Current business model: to promote/ advertise esports betting operators
- ◆ Founders to continue as daily management for at least three years
- ◆ Purchase price up to 34.5 mEUR (257 mDKK) incl. earn-out
- ◆ Last financial year: ~ 5 mEUR revenues / ~3.5 mEUR earnings before tax



**5 mEUR**  
REVENUE

**3.5 mEUR**  
EARNINGS before tax  
FINANCIALS 2018/19

**26.5M**  
VISITS/MONTH



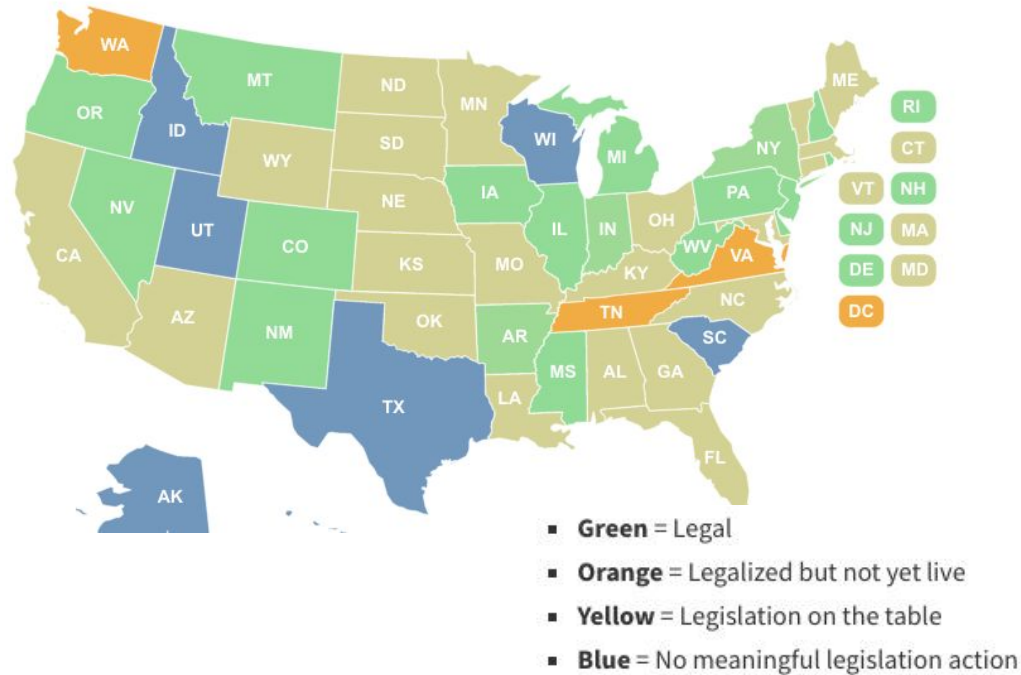
# The return of sports





# US Business update

- ◆ Regulated sports betting expected to surpass 6 bnUSD in five years
- ◆ BC currently live in 3 states
- ◆ US presence established through acquisitions
- ◆ Portfolio of leading sports betting brands
- ◆ State-by-state regulation
- ◆ Incremental growth



Source: Sportshandle.com

# At-a-glance

Better Collective is the leading developer of digital platforms within the iGaming industry. Through our products, we aim to make sports betting and gambling entertaining, transparent and fair for the global network of online bettors.



## LEADING SPORTS MEDIA GROUP

30M+  
VISITS  
PER MONTH

#1  
EGR POWER  
AFFILIATES LIST



## FINANCIAL PERFORMANCE

67.5  
mEUR  
REVENUE 2019

40%  
EBITDA MARGIN  
2019



## OWNERSHIP

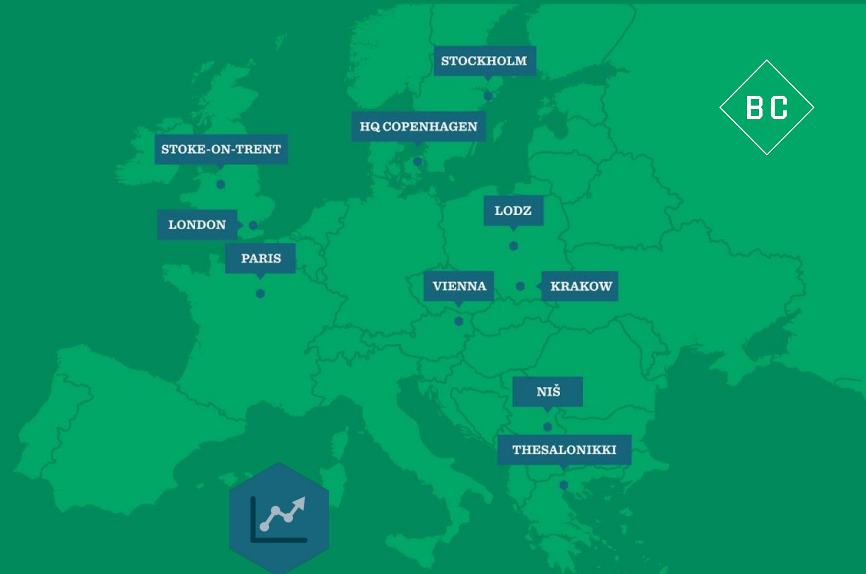
2018  
LISTED ON  
NASDAQ STOCKHOLM

>50%  
SHARES OWNED BY  
FOUNDERS AND MGT



## GLOBAL

>400  
EMPLOYEES



NASHVILLE

FORT LAUDERDALE

# Q&A session

# Thank you for your attention!

## Upcoming events:

25/08/2020  
Interim financial report Q1, 2020

11/11/2020  
Interim financial report Q1, 2020

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